



General Assembly

February Session, 2004

***Raised Bill No. 5545***

LCO No. 1930

\*01930\_\_\_\_\_GAE\*

Referred to Committee on Government Administration and Elections

Introduced by:  
(GAE)

***AN ACT CONCERNING THE GOVERNOR'S MANSION  
CONSERVANCY AND OTHER FOUNDATIONS RELATED TO STATE  
GOVERNMENT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 4-37f of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 The executive authority of each state agency for which a foundation  
4 is established shall, in accordance with a policy adopted by the board  
5 of trustees of the constituent unit for each state agency which is a  
6 constituent unit or which is a public institution of higher education  
7 under the jurisdiction of the constituent unit, ensure that:

8 (1) The foundation shall have a governing board to oversee its  
9 operation;

10 (2) If the state agency is a constituent unit, the following persons  
11 shall serve as nonvoting members of the governing board of the  
12 foundation unless the bylaws of the foundation provide that they be  
13 voting members: The executive authority of the constituent unit, or his

14 designee, a student enrolled at an institution under the jurisdiction of  
15 the constituent unit, who shall be elected by the students enrolled at  
16 the institutions under the jurisdiction of the constituent unit, and a  
17 member of the faculty of any such institution, who shall be elected by  
18 the faculty of the institutions under the jurisdiction of the constituent  
19 unit. Elections pursuant to this subdivision shall be conducted in  
20 accordance with procedures for such elections established by the board  
21 of trustees of the constituent unit;

22 (3) If the constituent unit is the Board of Trustees of the  
23 Community-Technical Colleges or the Board of Trustees of the  
24 Connecticut State University System, the purposes of the foundation  
25 shall be limited to providing funding for (A) scholarships or other  
26 direct student financial aid, and (B) programs, services or activities at  
27 one or more of the institutions within its jurisdiction;

28 (4) If the state agency is a public institution of higher education, the  
29 following persons shall serve as nonvoting members of the governing  
30 board of the foundation unless the bylaws of the foundation provide  
31 that they be voting members: The executive authority of the  
32 institution, or his designee, a student enrolled at the institution, who  
33 shall be elected by the students enrolled in the institution and a  
34 member of the faculty of the institution, who shall be elected by the  
35 faculty of the institution. Elections pursuant to this subdivision shall be  
36 conducted in accordance with procedures for such elections  
37 established by the board of trustees of the constituent unit which has  
38 jurisdiction over the institution;

39 (5) The governing board of the foundation shall annually file with  
40 the state agency an updated list of the members and officers of such  
41 board;

42 (6) The salaries, benefits and expenses of officers and employees of  
43 the foundation shall be paid solely by the foundation;

44 (7) The foundation shall use generally accepted accounting

45 principles in its financial record-keeping and reporting;

46 (8) A foundation which has in any of its fiscal years receipts and  
47 earnings from investments totaling one hundred thousand dollars per  
48 year or more shall have completed on its behalf for such fiscal year a  
49 full audit of the books and accounts of the foundation. A foundation  
50 which has receipts and earnings from investments totaling less than  
51 one hundred thousand dollars in each fiscal year during any three of  
52 its consecutive fiscal years beginning October 1, 1986, shall have  
53 completed on its behalf for the third fiscal year in any such three-year  
54 period a full audit of the books and accounts of the foundation. For  
55 each fiscal year in which an audit is not required pursuant to this  
56 subdivision financial statements shall be provided by the foundation  
57 to the executive authority of the state agency. Each audit under this  
58 subdivision shall be conducted [(A)] by an independent certified  
59 public accountant [or, if requested by the state agency with the consent  
60 of the foundation,] for foundations relating to The University of  
61 Connecticut and, for all other foundations, by the Auditors of Public  
62 Accounts [, and (B)] and each audit shall be conducted in accordance  
63 with generally accepted auditing standards. For the purposes of such  
64 audit, the Auditors of Public Accounts shall have access to the working  
65 papers compiled by any certified public accountant in the preparation  
66 of any audit conducted that are relevant to such use of state funds,  
67 personnel, services or facilities in violation of the provisions of sections  
68 4-37e to 4-37i, inclusive, or any other provision of the general statutes.  
69 The audit report shall include financial statements, a management  
70 letter and an audit opinion which address the conformance of the  
71 operating procedures of the foundation with the provisions of sections  
72 4-37e to 4-37i, inclusive, and recommend any corrective actions needed  
73 to ensure such conformance. Each audit report shall disclose the  
74 receipt or use by the foundation of any public funds in violation of said  
75 sections or any other provision of the general statutes. The foundation  
76 shall provide a copy of each audit report completed pursuant to this  
77 subdivision to the executive authority of the state agency. Each  
78 financial statement required under this subdivision shall include, for

79 the fiscal year to which the statement applies, the total receipts and  
80 earnings from investments of the foundation and the amount and  
81 purpose of each receipt of funds by the state agency from the  
82 foundation. Each foundation shall annually submit a report to the  
83 Department of Public Works and the joint standing committee of the  
84 General Assembly having cognizance of matters relating to  
85 government administration and elections containing the following  
86 information: (A) A statement of the foundation's income and  
87 expenditures for such year, (B) a listing of the officers of any such  
88 foundation, and (C) the names of any state employees acting on behalf  
89 of or working for such foundation. As used in this subdivision, "fiscal  
90 year" means any twelve-month period adopted by a foundation as its  
91 accounting year; and

92 (9) There shall be a written agreement between the state agency and  
93 the foundation which (A) addresses any use by the foundation of the  
94 agency's facilities and resources including, but not limited to, office  
95 space, storage space, office furniture and equipment, utilities,  
96 photocopying services, computer systems and the maintenance by the  
97 state agency of the books and records of the foundation, provided any  
98 such books and records maintained by the state agency shall not be  
99 deemed to be public records and shall not be subject to disclosure  
100 pursuant to the provisions of section 1-210, as amended, (B) provides  
101 that the state agency shall have no liability for the obligations, acts or  
102 omissions of the foundation, (C) requires the foundation to reimburse  
103 the state agency for expenses the agency incurs as a result of  
104 foundation operations, if the agency would not have otherwise  
105 incurred such expenses, (D) in the case of foundations established for a  
106 constituent unit of the state system of higher education or for a public  
107 institution of higher education, requires the foundation to establish  
108 and adhere to an investment policy and a spending policy that are  
109 consistent with sections 45a-526 to 45a-534, inclusive, and (E) provides  
110 that if the foundation ceases to exist or ceases to be a foundation, as  
111 defined in section 4-37e, (i) the foundation shall be prohibited from  
112 using the name of the state agency, (ii) the records of the foundation,

113 or copies of such records, shall be made available to and may be  
114 retained by the state agency, provided any such records or copies  
115 which are retained by the state agency shall not be deemed to be public  
116 records and shall not be subject to disclosure pursuant to the  
117 provisions of section 1-210, as amended, and (iii) there are procedures  
118 for the disposition of the financial and other assets of the foundation. If  
119 the state agency is a constituent unit, the board of trustees of the  
120 constituent unit shall approve such agreement. If the state agency is a  
121 public institution of higher education, the board of trustees of the  
122 constituent unit which has jurisdiction over the institution shall  
123 approve such agreement.

124 Sec. 2. Section 4-37g of the general statutes is repealed and the  
125 following is substituted in lieu thereof (*Effective from passage*):

126 (a) As used in this section, the term "funds for deposit and retention  
127 in state accounts" means (1) all funds or other things of value received  
128 through proposals or other means with an obligation for service  
129 primarily to the donor by the state agency including, but not limited  
130 to, research, training, education or public service activities, except for  
131 such funds or other things of value given to a foundation by a  
132 charitable trust which, on or before October 1, 1989, does not permit  
133 the giving of its funds or other things of value to a state agency, (2)  
134 gifts and donations, including cash, endowments, stock, real estate,  
135 personal property or other property of value, made to the state agency,  
136 and (3) foundation funds received by the state agency.

137 (b) In the case of an audit required pursuant to section 4-37f, as  
138 amended by this act, [that was not conducted by the Auditors of Public  
139 Accounts] for a foundation relating to The University of Connecticut,  
140 the executive authority and chief financial official of the state agency  
141 shall review the audit report received pursuant to said section and,  
142 upon such review, the executive authority shall sign a letter indicating  
143 that he has reviewed the audit report and transmit a copy of the letter  
144 and report to the Auditors of Public Accounts. If such audit report

145 indicates that (1) funds for deposit and retention in state accounts have  
146 been deposited and retained in foundation accounts, or (2) state funds,  
147 personnel, services or facilities may have been used in violation of  
148 sections 4-37e to 4-37i, inclusive, or any other provision of the general  
149 statutes, the Auditors of Public Accounts may conduct a full audit of  
150 the books and accounts of the foundation pertaining to such funds,  
151 personnel, services or facilities, in accordance with the provisions of  
152 section 2-90, as amended. For the purposes of such audit, the Auditors  
153 of Public Accounts shall have access to the working papers compiled  
154 by the certified public accountant in the preparation of the audit  
155 conducted pursuant to section 4-37f, as amended by this act, which are  
156 relevant to such use of state funds, personnel, services or facilities in  
157 violation of the provisions of sections 4-37e to 4-37i, inclusive, or any  
158 other provision of the general statutes.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>

***Statement of Purpose:***

To have the annual audit of foundations conducted by the Auditors of Public Accounts and to have reports containing certain vital information filed with the Department of Public Works and the General Assembly.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*